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## THE FARMER'S LABOR INCOME

No sound rural civilization can be built unless it provides a reasonable satisfaction for the desire for material goods. Discontent and the effort which characterizes the lives of the many who are not conspicuously successful in their effort for wealth accumulation do not arise so much out of the feeling that they do not have enough, but rather out of the feeling that they do not have as much as other people. So long as country people feel that they are handicapped in the struggle for property accumulation, just so long will they be inclined to give up the farm and move into the cities, even though that movement will involve in many respects a lower standard of living. The question of material welfare is so vital to the solution of the rural problem that it deserves extensive and very careful consideration.

In comparing the incomes of breadwinners on farms with those in other occupations it is necessary to keep clearly in mind the different groups to be compared. Too often the tendency is to make broad and indefinite generalizations from personal observation of wages in the city, of salaries of men in industrial enterprises, or of professional men, with what is known of the incomes of farmers in some limited community. No reliable or valuable comparison can be made except on the basis of similar factors of production in the city and in the open country. In both city and country the following factors must be considered:

1. Those who are in business for themselves.
2. Salaried managers.
3. Wage-earners.

In urban communities these factors are much more clearly marked than they are in the ordinary rural community. The farmer, whether he is owner or renter, is in business for himself and is as truly an enterpriser as is the owner or operator of a manufacturing plant, a railroad, a bank, or a mercantile establishment. But owing to the size of the farm business the rural enterpriser in most cases contributes not only the enterpriser's function but also supplies the management, most of the labor, the equipment, and the land. For this reason it is difficult to arrive at any accurate figure for comparison. The results of recent investigations of farmer labor incomes, taken in connection with those of other studies, make possible an approximately correct basis for

comparing the returns of urban and rural enterprisers and of others engaged in rural and urban industries.

Investigators of the incomes of farmers have not attempted to segregate the elements to be assigned to labor, to management, or to profits. They have used the term "labor income" to include all these items. This term, however, is misleading because it takes no account of the products used by the family from the farm itself, nor of the saving resulting from the use of a house. An approximate figure for comparison of urban and rural enterprisers' incomes can be obtained only by adding to the amount given as "labor income" in the farm management reports the value of supplies and house rent as shown by other studies. The result will represent a combination of wages, profits, and wages of management.<sup>1</sup> If the fact instead of the nature of the income is considered, it is possible to compare net returns of the farmer with returns of salaried men, wage-earners and professional men in the cities. It is also possible to make some estimate of rural and urban businesses as profit producers.

It would be interesting to make a comparison between the income of farmers and of those who are in the small business enterprises in villages, but so far the economics of village life has not been studied and consequently no basis for comparison is available.

The past fifty years have witnessed a marked shift in the relative amounts of urban and rural wealth. The introduction of steam power in manufacture and commerce has had a powerful tendency to centralize both population and wealth in the urban centers. The following table will show the relative amount of urban and rural wealth per decade since the middle of the past century. The population of incorporated places and of other rural territory for the past three census periods is also given to bring out the tendency toward a readjustment between rural and urban wealth.

These figures indicate that, although the rural population has constituted the larger proportion of the total population, the bulk of the wealth until 1900 continued to be increasingly urban. Owing to the remarkable changes in the agricultural situation in the past two decades the proportion of rural wealth has been on the increase. The urban communities, however, with 55.2 per cent of the population, still have 66 per cent of the wealth of the nation.

<sup>1</sup> The term "wages of management" is used to call attention to the element in the farmer's labor income corresponding to that of salaried managers in industrial enterprises as given in United States census reports.

TABLE 1.—*Urban and rural wealth and population, 1850-1910.*

| Year              | Urban wealth <sup>1</sup> |          | Rural wealth <sup>2</sup> |          | Urban population<br>(all incorporated<br>places) |          | Rural population <sup>4</sup> |          |
|-------------------|---------------------------|----------|---------------------------|----------|--|----------|-------------------------------|----------|
|                   | 000 omitted               | Per cent | 000 omitted               | Per cent | 000 omitted                                      | Per cent | 000 omitted                   | Per cent |
| 1850              | \$3,169,437               | 44       | \$3,967,343               | 56       | ...  | ...      | ...                           | ...      |
| 1860              | 8,179,128                 | 51       | 7,980,493                 | 49       | ...  | ...      | ...                           | ...      |
| 1870              | 21,123,661                | 70       | 8,944,857                 | 80       | ...  | ...      | ...                           | ...      |
| 1880              | 31,461,499                | 72       | 12,170,501                | 28       | ...  | ...      | ...                           | ...      |
| 1890              | 49,954,824                | 75       | 16,082,267                | 25       | 27,440,058                                       | 43.6     | 35,507,656                    | 56.4     |
| 1900 <sup>2</sup> | 66,778,000                | 76       | 20,439,901                | 24       | 37,044,830                                       | 48.7     | 38,949,745                    | 51.3     |
| 1910 <sup>2</sup> | 80,000,000                | 66       | 40,991,449                | 33       | 50,742,208                                       | 55.2     | 41,230,058                    | 44.8     |

<sup>1</sup> Result obtained by subtracting value of farm property from total wealth, continental United States.

<sup>2</sup> The value of mines and quarries, 1900 and 1910, deducted from total wealth of United States, 1900 and 1910, in addition to agricultural wealth to find urban wealth. The capital invested in mines and quarries, 1910, was \$3,710,-356,000. The inclusion of this amount in urban wealth would not materially change the percentage of rural wealth.

<sup>3</sup> *Thirteenth Census of the United States, vol. V (Agriculture, General Report and Analysis)*, p. 51.

<sup>4</sup> *Ibid.*, vol. I (Population), p. 64.

In recent years the United States government has been conducting through its various bureaus investigations as to the labor income of the farming population. The data presented from studies already made reveal certain tendencies which are destined to have a far-reaching influence on economic and social theory both as to the relationship of man to land and as to the relationship of urban to rural population in economic welfare. The first of these studies to be considered is derived from the results of the census investigations of 1910, and is presented by Mr. Spillman, chief of the Office of Farm Management of the United States Department of Agriculture.<sup>2</sup> Mr. Spillman shows that according to the census records the average size of the farm plant for the United States in 1910 was 138.1 acres, of which 75.2 acres is classed as improved. The average investment per farm was \$6,444. The average amount in farm land was \$4,476; in farm buildings was \$995; in livestock, \$774; and in implements and machinery, \$199. The average farm income was \$640. If interest on the average investment is calculated at 5 per cent it is found to be \$322. Subtracting this amount from the average farm income leaves a labor income of \$318.

The labor income found by the United States Census Bureau is significant because of its close agreement with the results ob-

<sup>2</sup> United States Department of Agriculture, Bureau of Plant Industry, Circular 132.

TABLE 2.—*Farm labor incomes.*<sup>1</sup>

| 1<br>State | 2<br>Locality     | 3<br>Num-<br>ber of<br>farms | 4<br>Average<br>labor<br>income | 5<br>6<br>Better farms |                            | 7<br>Labor in-<br>come plus<br>farm pro-<br>duct used<br>on farm | 8<br>Better la-<br>bor income<br>plus farm<br>products<br>used on farm |
|------------|-------------------|------------------------------|---------------------------------|------------------------|----------------------------|--|--|
|            |                   |                              |                                 | Num-<br>ber            | Average<br>labor<br>income |  |  |
| Conn.      | Cayuga Co.        | 58                           | \$672                           | 11                     | \$1,369                    | \$1,087  | \$1,784  |
| "          | Winchester        | 54                           | 344                             | 12                     | 944                        | 759  | 1,359  |
| "          | Goshen            | 54                           | 344                             | 13                     | 1,528                      | 800  | 1,943  |
| "          | Cornwall          | 45                           | 220                             | 8                      | 857                        | 635  | 1,272  |
| "          | Windham Co.       | 54                           | 385                             | 10                     | 1,010                      | 704  | 1,425  |
| "          | Fairfield Co.     | 60                           | 289                             | 10                     | 1,010                      | 704  | 1,425  |
| Maine      | Penobscot . . .   | 89                           | 32                              | 8                      | 942                        | 447  | 1,357  |
| "          | Hancock . . .     | 100                          | 192                             | 13                     | 979                        | 607  | 1,394  |
| "          | Franklin . . .    | 116                          | 281                             | 15                     | 1,131                      | 696  | 1,546  |
| Mass.      | Hampshire . . .   | 83                           | 1,462                           | 19                     | 4,280                      | 1,877  | 4,695  |
| "          | Brimfield Town    | 45                           | 355                             | .                      | .                          | 770  | .  |
| N. H.      | Sullivan . . .    | 42                           | 154                             | 8                      | 671                        | 569  | 1,086  |
| "          | Cheshire . . .    | 66                           | 181                             | 10                     | 833                        | 596  | 1,248  |
| Vt.        | Rutland . . .     | 70                           | 396                             | 10                     | 1,482                      | 811  | 1,897  |
| "          | Orange . . .      | 61                           | 864                             | 10                     | 1,156                      | 779  | 1,571  |
| Del.       | Sussex . . .      | 66                           | 58                              | 7                      | 716                        | 473  | 1,131  |
| N. Y.      | Chemung . . .     | 218                          | 253                             | 35                     | 816                        | 668  | 1,281  |
| "          | Niagara . . .     | 87                           | 1,215                           | .                      | .                          | 1,630  | .  |
| "          | Nassau . . .      | 84                           | 848                             | .                      | .                          | 1,258  | .  |
| "          | Otsego . . .      | 98                           | 732                             | .                      | .                          | 1,147  | .  |
| Mich.      | Alpena gton . . . | 50                           | 334                             | 10                     | 881                        | 749  | 1,296  |
| Ohio       | Portage . . .     | 67                           | 212                             | 12                     | 692                        | 627  | 1,107  |
| "          | Washington . . .  | 75                           | 307                             | 11                     | 916                        | 722  | 1,331  |
| "          | Trumbull . . .    | 90                           | 265                             | 20                     | 900                        | 680  | 1,315  |
| "          | Geauga . . .      | 167                          | 346                             | 25                     | 1,662                      | 761  | 2,077  |
| "          | Miami . . .       | 104                          | 493                             | .                      | .                          | 908  | .  |
| Ind.       | Pulaski . . .     | 61                           | 191                             | 13                     | 903                        | 606  | 1,318  |
| Iowa       | Montgomery . . .  | 54                           | 499                             | .                      | .                          | 914  | 2,472  |
| "          | Greene . . .      | 68                           | 804                             | 13                     | 2,057                      | 1,219  | 1,793  |
| "          | Scott . . .       | 70                           | 331                             | 18                     | 1,378                      | 746  | .  |
| "          | Blackhawk . . .   | 67                           | 311                             | 13                     | 1,428                      | 726  | 1,843  |
| Nebr.      | Madison . . .     | 60                           | 138                             | 10                     | 1,342                      | 553  | 1,757  |
| "          | Thurston . . .    | 53                           | 1,448                           | 15                     | 2,650                      | 1,863  | 3,065  |
| "          | Fillmore . . .    | 68                           | -202                            | .                      | .                          | 218  | .  |
| Kan.       | State of . . .    | 440                          | 844                             | .                      | .                          | 1,259  | .  |
| "          | Greene Co. . .    | 44                           | 1,889                           | .                      | .                          | 2,204  | .  |
| Minn.      | Renville . . .    | 62                           | 428                             | 16                     | 1,065                      | 838  | 1,480  |
| "          | Clay . . .        | 62                           | 414                             | 10                     | 1,398                      | 829  | 1,818  |
| "          | Stevens . . .     | 50                           | -156                            | 10                     | 622                        | 259  | 1,037  |
| "          | New Scandia . .   | 64                           | 444                             | 10                     | 813                        | 859  | 1,228  |
| "          | Pope Co. . .      | 61                           | 217                             | 10                     | 1,034                      | 632  | 1,424  |
| "          | Ottertail . . .   | 45                           | 314                             | 10                     | 1,009                      | 729  | .  |
| Mont.      | Missoula . . .    | 46                           | 148                             | 12                     | 1,634                      | 563  | 2,049  |
| Wash.      | Walla Walla . .   | 45                           | 423                             | 10                     | 1,137                      | 838  | 1,552  |
| "          | King Co. . .      | 59                           | 280                             | 10                     | 674                        | 695  | 1,089  |
| "          | Wahkiakum . .     | 80                           | 450                             | 12                     | 1,400                      | 855  | 1,815  |
| "          | Spokane . . .     | 124                          | 832                             | 10                     | 3,504                      | 1,247  | 3,919  |
| Ore.       | Lane . . .        | 92                           | -37                             | 13                     | 1,026                      | 378  | 1,441  |
| Utah       | Millard . . .     | 59                           | 613                             | 10                     | 1,758                      | 1,028  | 2,173  |
| "          | Cache . . .       | 52                           | 946                             | 10                     | 1,997                      | 1,361  | 2,412  |

<sup>1</sup> Data compiled from factor sheets and other publications, Office of Farm Management, United States Department of Agriculture.

tained from careful intensive surveys made by trained investigators in various parts of the United States, some of the results of which are presented below. The correspondence between the two sources of information is very strong evidence as to the accuracy of both.

The following table presents a summary of results secured by agents of the United States Department of Agriculture in the farm management demonstration service. The figures are based on the investigations made principally during the past two years.

It should be observed that location does not appear to have any marked effect on the labor income of the farmer. Nebraska shows a variation from minus \$202 to \$1,448 in average incomes. Massachusetts has a variation of from \$355 to \$1,462. Most of the states, regardless of location, show an average income of between \$200 and \$500.

The following table shows the grouping of average labor incomes:

TABLE 3.—*Distribution of farm labor incomes.*

| Average labor income | All farms reported | Per cent | Better farms <sup>1</sup> | Per cent |
|----------------------|--------------------|----------|---------------------------|----------|
| Less than \$1        | 210                | 5.3      |                           |          |
| \$1- 99              | 155                | 4.0      |                           |          |
| 100- 199             | 375                | 9.5      |                           |          |
| 200- 299             | 600                | 15.2     |                           |          |
| 300- 399             | 874                | 22.2     |                           |          |
| 400- 499             | 471                | 12.0     |                           |          |
| 500- 599             | 0                  | 0        |                           |          |
| 600- 699             | 117                | 3.0      | 40                        | 8.1      |
| 700- 799             | 98                 | 2.5      | 7                         | 1.4      |
| 800- 899             | 716                | 18.2     | 73                        | 14.7     |
| 900- 999             | 52                 | 1.3      | 77                        | 15.5     |
| 1,000- 1,099         | 0                  | 0        | 59                        | 11.9     |
| 1,100- 1,199         | 0                  | 0        | 35                        | 7.1      |
| 1,200- 1,299         | 87                 | 2.2      | 0                         | 0        |
| 1,300- 1,399         | 0                  | 0        | 44                        | 8.9      |
| 1,400- 1,499         | 136                | 3.5      | 35                        | 7.0      |
| 1,500- 1,599         | 0                  | 0        | 13                        | 2.6      |
| 1,600- 1,699         | 0                  | 0        | 37                        | 7.4      |
| 1,700- 1,799         | 0                  | 0        | 10                        | 2.0      |
| 1,800- 1,899         | 44                 | 1.1      | 0                         | 0        |
| 1,900- 1,999         | 0                  | 0        | 10                        | 2.0      |
| 2,000- 2,099         | 0                  | 0        | 13                        | 2.6      |
| 2,500- 2,999         | 0                  | 0        | 15                        | 3.0      |
| 3,000 or more        | 0                  | 0        | 29                        | 5.8      |
|                      | 3,935              | 100.0    | 497                       | 100.0    |

<sup>1</sup> The apparent discrepancies in distribution of labor incomes for all farms and better farms is due to differences in averages when all farms are included and when better farms only are selected. For example: when 10 better farms in Spokane County, Washington, are considered, the average labor income is \$3,504; but when the 124 farms studied in the county are taken together the average income is \$832. This difference accounts for no farms appearing in the \$1,000-1,099 group when all farms are considered and 59 when the better farms only are averaged, and for similar discrepancies elsewhere in the table.

From the above table it will be noted that 49.4 per cent or practically one half of the average labor incomes for the entire area fall between the limits of \$200 and \$500. Of the better incomes selected by the demonstrators, 49.2 per cent, or practically one half, fall between the limits of \$800 and \$1,200. With the exception of the \$800 to \$899 group, which is apparently due as much to insufficient statistical data as to a true distribution, the mode of the average labor income distribution is under \$500; and 68.2 per cent of all the incomes are under this amount. Of the better incomes the distribution is much wider and more evenly spread. The reason for this is doubtless due to the personal factor which has not yet yielded to the equalizing influences of fluctuations in land values.

It is intended in the present discussion only to show the relation of farm incomes to rural welfare. A number of indications as to future conditions in American agriculture appear. The fact noted above, that average labor incomes show a marked similarity in all the localities for which data are presented and which represent practically all the northern half of the United States from the Atlantic to the Pacific, indicates that some equalizing agency is at work. This equalizing agency must be the tendency for changes in income-producing power to reflect themselves in changes in land values. Labor incomes tend through the work of economic law to a level, and the variations in productivity in the different sections will be found in the differences of land values. Thus it is not the wage-earner, the manager, nor the enterpriser who benefits by social change, but it is the owner of real estate.

Close students of the problem admit that if similar studies of labor incomes should be made in twenty years from now the average labor income would not be radically different from what present investigations show. The labor income of the farmer appears to be subject to the same laws as the labor income of those in other industrial fields. In this way the interests of the farm hand, of the renter, and of the owner who has paid a speculative price for his land, are common with reference to the private ownership of real estate. If the general rate of wages rises throughout the industrial system, a rise of farmer's labor income may be expected. If such general rate falls, a similar fall in agricultural labor income will follow. The gradual elimination of the profit element that may now exist in the farmer's labor income through the transfer of that element to the landlord in higher rents may actually lower present farmer's income rates.

That there is a tendency for changes in gross income to find expression in changes in land values rather than in labor income is shown by a comparison of investigations made of farm incomes during the period 1907-1911 and reported by Mr. E. H. Thompson of the Office of Farm Management.<sup>3</sup> He shows that the average labor income of 2,090 farms studied in Indiana, Illinois, Iowa, Michigan, Pennsylvania, Oregon, New Hampshire, and New York was \$439. In Tompkins County, New York, 615 farms studied in 1907, eight years ago, showed an average labor income of \$423. New Hampshire gave a record for 1908, from 266 farms, of \$337. The fact that eight years of change in agriculture in which there has been a tendency toward rise in land values has not had an appreciable effect on the labor income is very strong evidence of the principle that social change reflects itself in land values rather than in labor income.

Another suggestion is that the landlord may be able ultimately to extract a rental from the land corresponding to the margin now existing between the income of the better farmers and that of the average farmer. As farm operators become more efficient, it is possible that competition for land will give the preference to the more efficient land operators who know that for a given rental, even though higher than the average, they can make more than the average farmer. The tendency appears to be for all differences in personal efficiency or in industrial organization to reflect themselves ultimately in the value of land. Thus it is the landlord as such and not the laborer, the capitalist, nor the man who is in business for himself who benefits by changes in demand or in methods of production.

This tendency toward equalization of labor incomes in all parts of the country is of vital importance in relation to the future economic welfare of the farming population. If land-ownership operation should cease to be a characteristic of agriculture in the North Central division, the center of farming interests in the United States and one of the richest agricultural sections in the world, and if tenantry should become a fixed institution, then the farmer's income of the future would be limited to that margin above the rental rate which corresponds to the wage-earner's income in the city and the surplus income would go to residents of the villages or the cities. Should tenantry continue to increase

<sup>3</sup> *Annals of the American Academy of Political and Social Science*, vol. 50, p. 177.

as it has in the past, there is no doubt that American agriculture is doomed to an absentee landlordism and a peasantry as bad as has developed in any foreign country where lack of understanding of tendencies has permitted agriculture to deteriorate. This peasant type of agriculture is likely to appear the sooner because of the relatively greater freedom of economic forces in America from the influence of social or legal institutions. On the other hand, if ownership operation can be preserved and the present policy of permitting the owner to benefit by increases in land values be continued, then we may witness in the future a rural population well-to-do and really in a position, through their intelligence, wealth, education, and leisure, to exert a dominating influence in American political and social life.

The figures quoted in columns 4 and 6 of Table 2 as to labor incomes are misleading in that they take no account of what the farm supplies toward living expenses. Another study has been made by the United States Department of Agriculture of this phase of the subject with results that may be utilized in the attempt to approximate accuracy in presenting the facts as to the farmers' income.<sup>4</sup> Studies have been made of 483 families in 10 representative agricultural districts (North Carolina, Georgia, Texas, Kansas, Iowa, Wisconsin, Ohio, Pennsylvania, New York, and Vermont). These sections are representative of the sections in which farmers' income investigations have been made and which are presented in this discussion. These studies showed that on the average the farm was supplying a total of \$421 per family toward its support. The average for the seven northern states was \$415. If this latter amount is added to the average labor incomes noted in Table 2, the totals in columns 7 and 8 of that table result. In but few instances does the revised income fall below \$600 per year. Of 3,935 farms considered, 579 or 14.7 per cent had labor incomes of less than \$600; 2,106 or 53.5 per cent had incomes of \$600 to \$1,000; and 1,250, or 31.8 per cent, had incomes of over \$1,000.

The above results afford a basis for comparison of labor incomes of farmers with other classes of the industrial system. It is impossible to compare farmers' profits with the profits of business men because, except in corporations, knowledge or information as to profits from urban business is not available. On the other hand, the farmers' labor income is made up of a combination of wages, salary, and profits. It is possible, however, to compare

<sup>4</sup> Farmers' Bulletin 635, p. 5.

the farmers' labor income with that of wage-earners, and with salaried officials, and to some extent with certain of the other professions.

The farm does not now, and in all probability never will, offer the opportunity for the acquisition of extremely large fortunes that urban industry has offered. This difference is due to the size of the plant most economical for agriculture as compared with the centralization of control and of operation possible in industries located in the great urban centers. The farmers' business is not capable of expansion to meet a growing national or world-wide demand, as is manufacturing or commercial industry. The land basis for agriculture rapidly brings the plant of increasing size to the point where personal oversight is not sufficient to yield a correspondingly large return. Consequently, persons ambitious to become millionaires through the operation of their business had better turn their attention to urban occupations.

But before deciding to become a millionaire by following an urban occupation some attention should be given to the chances for success. Occasional reports are made of men who are drawing from \$50,000 to \$100,000 per year as salary for the managing of some large industrial corporation. The papers were full of comments recently about the \$500,000 payment to a prominent moving picture star for his services for one year. The fact that these incomes are matters of public notice is evidence of their rarity. Recent investigations have shown that in urban industry very few men are in a position to determine what industrial policies shall be. The United States census for 1910 shows the distribution of a large part of the breadwinning population according to its official position in the industrial system. After agriculture, manufacturing includes the largest single group of employees. The distribution of those engaged in manufactures is as follows:

|                                      | <i>Number</i> | <i>Per cent</i> |
|--------------------------------------|---------------|-----------------|
| Persons engaged in manufactures..... | 7,678,578     | 100.0           |
| Proprietors and firm members.....    | 273,265       | 3.6             |
| Salaried employees .....             | 790,267       | 10.2            |
| Wage-earners .....                   | 6,615,046     | 86.2            |

Other industrial groups show a similar distribution of wage-earners, salaried officials, and proprietors. As contrasted with the leading industrial group, the distribution of those engaged in agriculture is interesting. Of the 12,659,203 persons engaged in agricultural pursuits, two groups are classed as "farmers" and "farm laborers." Their relative importance is as follows:

|                            | <i>Number</i> | <i>Per cent</i> |
|----------------------------|---------------|-----------------|
| Farmers <sup>5</sup> ..... | 5,865,003     | 49.2            |
| Farm laborers .....        | 5,975,057     | 51.8            |

Practically half of the agricultural group are business men, while but 3.6 per cent of the manufacturing group can claim that distinction. These figures indicate, first, that the chances of becoming a successful business man in manufacturing are very small, since there are less than 300,000 out of a population of 92,000,000 who are proprietors and firm members in manufacturing. These 273,000 proprietors represent a capitalization of \$18,428,270,000. In view of the importance of the manufacturing business it may be inferred that the chances are similarly small in other urban activities.

In the second place, these figures demonstrate that for the one who wishes to be in business for himself the farm offers by far the largest opportunity. Whereas in manufactures there are only 273,265 proprietors and firm members, in agriculture, without considering special phases of the industry such as dairying, forestry, etc., there are 5,865,000 such persons. This number is larger than the total number of persons employed in trade, in transportation, in domestic and personal service, or in any of the other great industrial groups classified by the United States census.

In the third place, since any general movement of the rural population to urban communities in the tendency toward equalization of income would necessarily have to be into the wage-earning or salaried classes, it is important to compare the returns of the average farmer with those of both the urban wage-earner and of the salaried official. It is possible from the records to make an approximate comparison of this kind. In the manufacturing industry for 1909, 792,168 salaried employees received a total salary of \$940,900,000, or an average of \$1,187 per employee; 6,639,931 wage-earners received a total of \$3,434,734,000, or \$517 per employee. In the mining industry, 46,694 salaried employees received an average salary per employee of \$1,205, while 1,093,286 wage-earners received an average income of \$554. These groups may be taken as typical of the trend of wages in urban centers.

When these averages for different types of employees in urban

<sup>5</sup> It has been suggested that in the South many of those classed as "farmers" are practically little else than farm laborers. Tendencies in the cotton belt, however, appear to favor the small independently operated farm, and the colored farmer will probably continue to rise in the scale of independence.

industries are compared with the results obtained from the study of farmers' labor incomes, it is apparent that the farm operator does not, on the average, compare in his returns with the average salary of the administrative employee of the industrial system. Of the farmers studied, 69.2 per cent had incomes, including what the farm produced, of less than \$1,000, while the average for the salaried employee is \$1,100 to \$1,200.

Unless proprietors and firm members are, on the average, more prosperous than their employees there would not be such an abiding interest in attempting to make a margin of personal profit through the employment of others in a given industry. So it may safely be assumed that whatever the profits of proprietors are, they are on the average greater than the average wages of the salaried employee. Thus the farmers as a group are not receiving returns for services rendered that are equal to the returns of either salaried employees or of proprietors in urban industries.

On the other hand, the farm proprietor ranks somewhat higher in his average income than does the urban wage-earner. As shown by the figures above, the wage-earner in manufacturing industry received on the average \$517. However, as the farmer belongs in the group of enterprisers, his economic welfare should correspond with that of others of his type.

A comparison of the labor incomes<sup>6</sup> of the best farms studied with incomes of other groups reveals the fact that the best returns correspond on the average very closely to the salaries of the better employees in manufacturing industries. Of 477 selected farms the incomes were distributed as follows:

| <i>Farm labor income</i> | <i>Number of farmers</i> | <i>Per cent</i> |
|--------------------------|--------------------------|-----------------|
| \$1000- 1499.....        | 236.....                 | 49.4            |
| 1500- 1999.....          | 127.....                 | 26.6            |
| 2000 or more.....        | 114.....                 | 24.0            |

It is apparent that about half of the best farmers secured an income falling between the limits \$1,000 and \$1,499 or in that group represented by the salaries of the better grade of employees. About half of the better farmers exceeded \$1,500 per year. The better farms selected by the investigators constituted about 18 per cent of all the farms studied. Of these, 44 farmers, less than 2 per cent of all, made labor incomes exceeding \$3,000.

As compared with incomes of salaried professional men, the

<sup>6</sup> Labor income reported by farm management demonstrations plus average amount consumed from farm.

average labor income of the farmer is at the present time considerably higher. According to the 1910 census record there were 117,018 male clergymen in the United States; 15,668 college presidents and professors (male and female); and 118,442 male school teachers. There were but 929,684 men in professional service of all kinds as compared with over 10,000,000 in agriculture. The average salary of ministers for whom salaries were reported in 1906 for the United States was \$663. This does not include parsonage or other perquisites. Teachers' salaries have been rising during the past few years. In 1908-1909 the average monthly salary for male teachers was \$63.39 per month; in 1910-1911 it was \$73.86; and in 1912-1913, it was \$78.29. If the average length of the school year is taken as eight months, male teachers' salaries have arisen from approximately \$507 in 1908-1909 to \$626 in 1912-1913. In most cases teachers do not get free house rent or board as an additional compensation for their services. It is quite evident that, as compared with clergymen or teachers, the farmer is on the average much more fortunate.

The conclusion, then, is that at the present time the farmer is faring better than the great majority of breadwinners in the cities and is better off financially than the leading groups, numerically, of professional men. The better grades of farmers compare favorably in their returns with salaried employees; and, since the students of labor incomes have chosen to include at least 18 per cent of the farmers in the better grade, as large a proportion of the total number of farmers are doing well as of the industrial group, where the ratio of salaried men to wage-earners, taking manufacturing as typical, is as 1 to 16. The farm does not offer the opportunity for the acquisition of extremely large fortunes, but because of the very large number of farm plants it does offer by far the largest opportunity in American life for the exercise of the enterpriser function with a high degree of assurance of a reasonable business success.

Since over half of those engaged in general farming are classed as farm laborers, and since 2,636,966 of these were returned as working away from the home farm, some attention must be given to the relative returns of farm laborers as compared with urban laborers and with farm operators. The following table shows average farm wages in the different sections of the United States from 1899-1909 with and without board.

TABLE 4.—*Wage increase, 1899-1909.*<sup>1</sup>

| Division      | Rate per month<br>with board |         | Per cent<br>increase | Rate per month<br>without board |         | Increase |          | Per cent<br>increase<br>per year |
|---------------|------------------------------|---------|----------------------|---------------------------------|---------|----------|----------|----------------------------------|
|               | 1899                         | 1909    |                      | 1899                            | 1909    | Amount   | Per cent |                                  |
| United States | \$13.90                      | \$20.80 | 49.6                 | \$19.97                         | \$27.43 | \$7.46   | 37.3     | 3.7                              |
| N. Atlantic   | 16.60                        | 20.73   | 24.8                 | 25.44                           | 33.68   | 8.24     | 32.4     | 3.2                              |
| S. Atlantic . | 9.26                         | 13.10   | 41.2                 | 13.35                           | 20.13   | 6.78     | 50.7     | 5.1                              |
| N. Central .  | 17.36                        | 25.42   | 46.4                 | 24.75                           | 32.90   | 8.15     | 33.3     | 3.3                              |
| S. Central .  | 10.97                        | 16.57   | 51.0                 | 15.47                           | 21.85   | 6.38     | 41.2     | 4.1                              |
| Western . .   | 25.19                        | 35.32   | 40.2                 | 35.64                           | 47.24   | 11.60    | 32.5     | 3.3                              |

<sup>1</sup> United States Department of Agriculture, Bureau of Statistics, Bulletin 99, p. 44.

The per cent increase for the United States was 49.6 with board, and 37.3 without board. In the North Central division the per cent increase without board was 33.3 and with board 46.4. These results should be compared with the rate of increase in land values as shown by the following table:

TABLE 5.—*Increase in land values per acre of land in farms, 1900-1910.*<sup>1</sup>

| Division                     | Per cent<br>increase |
|------------------------------|----------------------|
| United States . . . . .      | 108.1                |
| New England . . . . .        | 40.5                 |
| Middle Atlantic . . . . .    | 24.5                 |
| East North Central . . . . . | 79.6                 |
| West North Central . . . . . | 123.1                |
| South Atlantic . . . . .     | 110.3                |
| East South Central . . . . . | 86.7                 |
| West South Central . . . . . | 197.4                |
| Mountain . . . . .           | 222.4                |
| Pacific . . . . .            | 146.1                |

<sup>1</sup> Thirteenth Census of the United States, vol. V (*Agriculture, General Report and Analysis*), p. 43.

It is quite evident that landowners have benefited by social changes going on much more than have wage-earners. In the marked disparity between rate of wage increase and land value increase may be found the basis for some of the serious labor problems confronting farming communities at the present time.

The following table gives the maximum possible average yearly return to farm laborers for the years 1909 and 1915 as based on the statement of average monthly salaries.

Farm hands evidently do not fare nearly so well as do tenants. Moreover, the rate of increase per year for the past six years indicates that wages have not risen as rapidly as they did during the preceding ten years. No data are available showing the rise in land values during the latter period, but it is a matter of common observation that land has continued to rise at a rate comparable to that of the preceding period.

TABLE 6.—*Farm wages per year without board.*<sup>1</sup>

| Division                 | 1909     | 1915     | Per cent increase | Rate of increase per year |
|--------------------------|----------|----------|-------------------|---------------------------|
| United States.....       | \$329.16 | \$361.80 | 9.9               | 1.7                       |
| North Atlantic.....      | 404.16   | 424.68   | 5.07              | .84                       |
| South Atlantic.....      | 241.56   | 257.64   | 6.65              | 1.10                      |
| North Central.....       | 394.80   |          |                   |                           |
| East of Mississippi..... |          | 419.20   | 7.22              | 1.44                      |
| West of Mississippi...   |          | 454.80   | 6.62              | 1.32                      |
| South Central.....       | 262.20   | 277.08   | 5.67              | .94                       |
| Western .....            | 566.88   | 579.72   | 2.27              | .37                       |

<sup>1</sup> Monthly Crop Report (U. S. Dept. Agr.), Mar. 16, 1916.

The nominal wages of farm laborers as compared with those engaged in urban employments also show that they are at a disadvantage. The average monthly wage, without board, for farm hands in the United States in 1909 was \$27.43; or for a twelve month period it was \$329.16. The average annual wage in the manufacturing industry, as shown in the preceding discussion, was \$554. This comparison applies to wages alone and does not take into account other factors which make urban employment more attractive to the wage-earner than work on the farm. Probably if the 2,000,000 or more farm hands were to receive a return more nearly commensurate with that of their city brethren, land values would not show such a marked rise and the labor problem would not be so serious as it now is.

In the factor sheets resulting from the recent investigations no comparison is made, as a rule, between the labor incomes of farm tenants and farm-owner operators. In Jackson County, Minnesota, 14 renters made an average labor income of \$777, while 24 owners made an average income of \$288. In Johnson County, Missouri, 272 owners made average incomes of \$314, while 179 tenants made incomes of \$501.<sup>6</sup> In Iowa similar results were obtained. For the earlier period of investigations (1907-1911), 722 tenants made labor incomes of \$770 while 2,090 owner farmers made labor incomes of \$439. These figures do not indicate that the tenant is a better farmer than the owner but that at the present valuation of land the owner is receiving less than a commercial rate of interest on his investment, since he expects to make the usual interest rate or more through the rise in land values. The difference between the income of the tenant farmer and that of the owner farmer is to be found in the larger

<sup>6</sup> University of Missouri Experiment Station Bulletin No. 121, *Land Tenure*.

interest charged off on the investment in the records taken of owner-operated farms.

When economic friction has been overcome, the margin between what the owner operator receives and what the tenant receives will disappear. The tendency for rents to rise may be expected in the future as owners become aware of the discrepancy between their returns and those of tenant farmers.

The data presented above indicate that, while at the present time labor incomes of farmers compare favorably with those in urban industries, the institution of private ownership of land does not offer much hope for further increase of these incomes unless the system of owner operation can be preserved. Laborers are evidently not benefiting by the economic changes taking place. Tenants are nominally getting the larger incomes; but this apparent return is due to method of presentation of returns rather than to actual advantage. The uniformity of labor incomes throughout the entire area studied indicates that private ownership of land by absentee landlords who reap the benefit of such ownership, even though absent in the neighboring village, is bound to become a question of supreme importance in the future. The present status of wealth distribution is such that the farmer has a common problem with the great mass of urban residents in wanting to know to what extent the tendency toward centralization of control and ownership of wealth in the cities in the hands of a few lessens the opportunity of all, both rural and urban, to enjoy still more of material goods which present resources of the United States justify. The problem of farm incomes is not now a serious one as related to social welfare in the country; but if present tendencies continue it is bound to be a serious one for those actually living in the country in the future. If one half or one third of the wealth produced on a given farm is to go to others than the operator; if farm labor is to increase because of the lack of opportunity to gain a foothold, due to high land values; then we must expect that the great central valley, one of the greatest agricultural sections of the world so far as resources is concerned, will be doomed to bear a burden that will breed discontent; that will drive our young men and women from the country; and will bring to America problems that now confront other nations in which statesmen recognize that a good income for farmers, and that ownership operation, are essential to national welfare.

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